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TEACHERS' PENSION PLAN

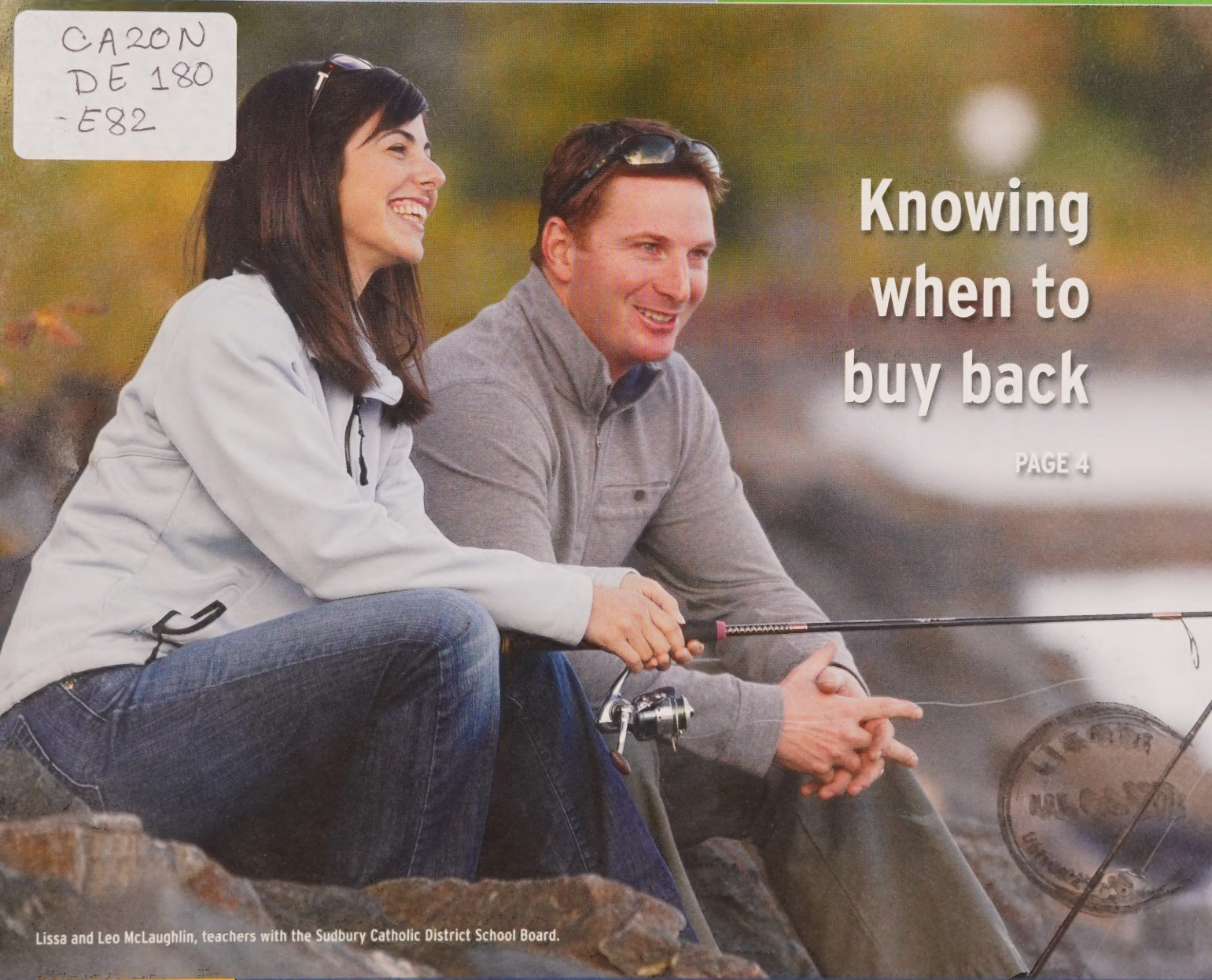
Government Publications

PENSION WISE

A NEWSLETTER FOR ONTARIO TEACHERS

FALL 2012

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Knowing when to buy back

PAGE 4

Lissa and Leo McLaughlin, teachers with the Sudbury Catholic District School Board.

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TEACHERS' LAUNCHES INTO SOCIAL MEDIA

Teachers' has a new community. It allows members to share information, engage with us and fellow educators, and keep up-to-date with plan news — anytime, anywhere.

Like your pension plan! • Find us on Facebook at www.facebook.com/myOTPP

With the launch of our Facebook page, members have begun to discover the quick facts, videos and polling features www.facebook.com/myOTPP delivers. Buybacks, survivor benefits, and plan updates are a few of the topics we'll explore through this interactive and engaging platform.

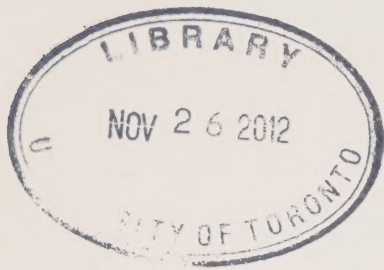
"We know that social media is an important channel for our members," says Neil Murphy, Director of Member Communications. "We're excited about being able to talk with them on Facebook. It's just one more way for us to hear what's on members' minds, so that we can constantly improve our service."

Members have responded to our page with lots of support and enthusiasm. But, a few have asked if 'liking' the page is mandatory, if they'll still receive information through newsletters and www.otpp.com, and if the page will be used to address questions about their personal accounts. With those questions in mind, here are three key points concerning www.facebook.com/myOTPP:

1 You are not obligated to 'like' Teachers'. Many members told us they would like to interact with Teachers' and fellow educators, so we created the page in response. It is entirely up to you if you would like to participate in the dialogue.

2 If you decide not to join our Facebook community, you'll still receive all news and information through our newsletters and www.otpp.com. But keep in mind that with Facebook, we can interact, instead of us just telling you what's happening.

3 The information posted on Facebook is also available on www.otpp.com and in our newsletters, it is not private or confidential. To protect members' privacy, we ask those with questions specific to their benefits and accounts to call us or log in to iAccess Web, our secure member website.



FIVE QUESTIONS WITH TRACY ABEL

Pensionwise sat down with Tracy Abel, Teachers' new Vice-President, Client Services, to talk about enhancing our approach to Client Services.

Tracy is charged with uniting the frontline service teams with those that work behind the scenes to deliver a more personalized, simplified experience for you, the member.

As a 25-year veteran of the plan, Tracy first started with Teachers' in its then-dubbed Computer Information Services Department. "We were a computer department without any computers," she laughs. When she's not working at Teachers', Tracy enjoys the new-found freedom that comes with an empty nest — both her daughter and son are away at university now. She's not shy, either. In fact, she enjoys public speaking, and goes so far as to call it *fun*.

Q: You're now responsible for the overall experience of members. What does this mean?

A: Our pension plan is very complex, so we're aware of how important it is to simplify and personalize members' experience. We want to ensure our members have choices in how they communicate with us, that they receive consistent information across all of the different channels, and with the least amount of red tape as possible. We appreciate the large stake members have in the pension plan. They deserve the best service possible.

Q: What will be the biggest benefit of personalization and simplification for members?

A: Members can expect consistent information, no matter how they choose to interact with us. The complexity of the plan is ours to be concerned with; it should be invisible to members. We'll ensure that they're getting the information that's relevant to their unique situations.



Q: What do you see as the biggest challenge of personalization and simplification?

A: The speed of change, both from a technological and a regulatory perspective. Striking a balance between simplifying members' experiences and meeting our heightened compliance requirements is a huge challenge. Our contact centre and paper mail are not going to go away. But, social media platforms and mobile devices, for example, are emerging service delivery channels that we are exploring.

Q: What's the most valuable character trait you bring to the job?

A: I am very enthusiastic about my work. I challenge the status quo and explore new ideas.

Q: What needs to have happened for you to think that a day at the office was a success?

A: If I solve a problem, or if I had a positive impact on someone else's day, either on a member's or a colleague's, then I know I've accomplished something.

SAY HELLO TO LEAVES

Sometimes we need a break from work. Whether a leave is planned years in advance, or on short notice, taking time off doesn't mean your pension has to.

Buying back credit after an employer-approved leave maximizes the value of your pension. Let's take a look at common types of leaves, and whether or not a buyback is necessary.



MATERNITY/ PARENTAL/ ADOPTION LEAVE ✓

If you have a baby, Ontario law entitles you to 52 weeks off, 17 of which are for recovery from giving birth, and the remaining for care of your baby in the first year.

Parental leave is also available to the parent that did not carry the baby, but wants to spend time with them in the first year. Generally, this leave is 37 weeks.

Ontario law also entitles adoptive parents 37 weeks to bond with a new family member, from the time that you take custody and care of that child.

For these types of leaves, you can buy back the credit for the time you were away. In fact, leaves for taking time off to care for a new baby make up nearly 60% of the buybacks we see at Teachers'.



EMPLOYER-APPROVED LEAVES ✓

Each employer has its own unique set of criteria for granting employees a leave of absence. From our end we verify that it is, in fact, employer-approved.

Here are some examples of what employer-approved leaves may be for:



MATERNITY LEAVE EXTENSIONS ✓

If you have a baby in April, coming back to work for the last two months of the school year might not make much sense. In these cases, you can apply to your employer to extend your leave until the end of the school year and start fresh in September. Some mothers also opt to extend their leave by an additional year.



EDUCATION UPGRADE ✓

Just because you work in education doesn't mean your own student days are over. Going back to upgrade to a Masters, for example, can be a full-time job in itself.



ELDER CARE ✓

The number of seniors in Ontario is projected to more than double to about 25% of the population by 2036, according to the province's Ministry of Finance. As your parents age, you are likely to take on the added responsibility of caring for them. Elder care leaves will likely become more common as this demographic shift occurs.



SABBATICAL ✓

Taking a sabbatical might mean taking time to travel, to live abroad, to write that novel that's been percolating in your mind or to just mentally refresh yourself.

As long as you are not working for your employer during your leave, and your leave is employer-approved, regardless of the reason or duration, you can buy back the credit for the time off.

DEFERRED SALARY LEAVE

Deferred salary leaves are sometimes called x/y leaves. Here's an example of how one might work:

For a 4/5 leave, you work for four years, and your employer holds back 20% of your salary. You would take the fifth year off, and your employer would pay you the portion of your salary that was held back during those first four years.

While you're on leave, your employer continues to remit contributions to the pension plan on the basis of your full salary, provided you have worked for the employer for at least three years. No buyback is required where the leave meets the criteria.

BUYBACK TOOLS

If you are considering buying back credit, Teachers' recently launched some tools to help you understand how a buyback works, its implications on your personal finances, and which payment option suits your personal situation.



BUYBACK TIMELINE

Our Buyback Timeline (at www.otpp.com/buybacks) allows you to explore a typical buyback process and build an understanding of the different steps and decisions involved.

You can scroll through the interactive timeline or jump to the stage of the buyback you're in. Click on the different milestones to watch videos and follow links for more information on how buybacks work.



BUYBACK PAYMENT PLANNER

Deciding to buy back credit is a major financial decision, with many factors to consider. Are there added expenses that you face upon returning to work, like daycare? Is a down payment on a larger home a priority?

The Payment Planner, located in the Buyback Centre of iAccess Web, our secure member website, allows you to create different payment plans, to see which one, if any, fit within your personal financial reality. You can see what the cost of your buyback would be if you were to pay in one lump sum at the end of your leave, or spread the payments out over a maximum of five years from the end of your leave.

You can access the Payment Planner once we're notified of your buyback-eligible leave.

CHECK YOUR BENEFICIARY DESIGNATION — YOU MAY BE SURPRISED!

Log into *iAccess Web*, our secure member website, to review your beneficiary designation.

Naming a beneficiary is important, but equally important is reviewing that beneficiary designation on a regular basis. What, or who, matters to you now may not be the case 10, 20 or 30 years from now.

For members who die before retirement without an eligible spouse or children, it is not uncommon for beneficiary death benefits to reach \$1 million.

We've seen an increase in members taking the time to designate beneficiaries. However, we've also seen some cases where family and friends were left shocked and confused by the designation.

Here are three scenarios based on the types of circumstances we see that highlight the importance of reviewing your beneficiary designation. While we can never know the members' respective intentions, common factors exist among all three:

- died before retirement;
- were unmarried and had no children;
- designated a beneficiary years, sometimes decades, earlier with no review in subsequent years.

Family Matters

Survivor benefit amount: roughly \$800,000

When Jim died, his family took charge of tying up the loose ends of his estate. He had money in his bank account to pay off debt, and his family pooled funds to cover the cost of a funeral.

When one of Jim's brothers contacted us to inquire about a survivor benefit, he was surprised to hear that Jim had designated a young family member. Jim had a large family, all of whom he was on good terms with, and no one could understand why this one child had been singled out to receive the nearly \$1 million.

School Ties

Survivor benefit amount: roughly \$700,000

Mary was nearing the end of her career when she died. When she graduated from school and started her teaching career, she took the time to designate a beneficiary. At that time, she chose her alma mater.

When we contacted the school, they were surprised to learn that such a generous gift had been entrusted to them. Mary had not communicated her intentions to the school, nor had she specified a department to receive the benefits.

Equally shocked at the designation were Mary's family and friends, as Mary had never mentioned this was her intention.

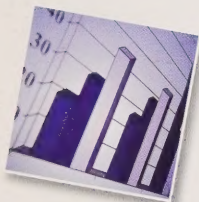
Friends with Survivor Benefits

Survivor benefit amount: roughly \$300,000

When Beth died suddenly and unexpectedly, her brother called us to inquire about survivor benefits. Her brother did not recognize the name of the person Beth had designated decades earlier. When we tracked down the beneficiary, he recalled that he and Beth taught together for a short while, and were friends. It had been years since the two had seen or spoken with one another.

ONLINE BRIEFS

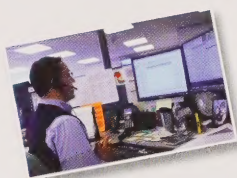
Have you visited www.otpp.com/pensionnewsonline yet? Here is a sneak peek at some of the content you'll only find on Pension News Online.



Plan Funding Update

The pension plan began 2012 in a shortfall position. A preliminary funding valuation showed the plan's long-term costs are projected to exceed its assets. An important assumption used to project costs is the rate of return, also called the "discount rate." A recent Hearing Officer review concluded that this rate is within a reasonable range.

www.otpp.com/pensionnewsonline/fundingupdate



Teachers' Service Ranked #1 in the World

CEM Benchmarking Inc. has given Teachers' pension service top rank among international and North American pension systems. This is the third time we've earned the #1 spot among our North American peers, and the second time we've ranked #1 overall.

www.otpp.com/pensionnewsonline/cembenchmark



"Log in to Win" with iAccess Web

Registering for iAccess Web, our secure member website, not only gives you access to tools to help you keep your pension on track, but a chance to win an iPad, Kobo Touch, Marlies jersey, or \$50 Cadillac Fairview shop! card. Take the Log in to Win quiz between now and Dec. 19, 2012. Get all the answers correct, and you'll be entered into a draw for these prizes.

www.otpp.com/pensionnewsonline/iAccessWeb



Occasional Teaching and Your Pension

If you're a new teacher working on an occasional basis, chances are you're not really thinking about your pension. We answer three key questions to help you understand how you can build credit in your plan.

www.otpp.com/pensionnewsonline/occasionalteachers



Overheard on Facebook

We recently launched our Facebook page, www.facebook.com/myOTPP. You can read about the launch on page 2.

Here are some highlights from our first few months:

Members earned an A+ on a pop quiz on whether or not they should name their spouse as a beneficiary. Almost everyone (about 95%) knew that no, they should not name their spouse. We also polled members about who they would name as their beneficiary. Children earned the most votes.

On the first day of school, some members of the community offered advice for newer teachers. Some were philosophical: "Love the kids like they are your own, and always remember that they are precious to someone. Teachers have the power to make or break a child's spirit..."

And other tips were more practical: "Go to bed! Don't stay up until midnight every night working on school stuff!" And finally, "Breathe... talk softly... they will quiet down and listen."

YOUR PLAN UPDATE

Immediate vesting now in effect

Members are no longer required to contribute to the plan for two years before they are eligible for a pension.

As of July 1, 2012, anyone who contributes to the plan is immediately eligible for a pension.

Survivor beneficiary benefit expanded

As of July 1, 2012, designated beneficiaries are now eligible for an expanded benefit. They will now receive a lump-sum payment equal to the commuted value of the pension you accumulated after 1986, and a refund of your contributions made before 1987, plus interest.

Pensionwise™ is published for members of the Ontario Teachers' Pension Plan.

We appreciate your comments about anything you read in *Pensionwise*. Please e-mail: member_communications@otpp.com

This newsletter does not create any right to benefits. Your entitlements and those of your survivors are and will be governed by the language of the pension plan text. The information contained in this newsletter is not intended to be relied upon in relation to any particular circumstance.

Ce bulletin est disponible également en français.

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Before this change, the pre-1987 refund would have been paid to the member's estate if there was no eligible spouse.

Sick leave beyond 10 days

The Ontario government's recently passed *Putting Students First Act* reduces fully paid sick leave to 10 days annually. If you take more than 10 sick days, you will be eligible to receive 66.67% or 90% of your salary for up to 120 days annually through a new short-term sick leave arrangement.

How does this affect your pension?

Whether the rate is 66.67% or 90%, you will receive full service credit. This means there is no impact on when you are eligible to retire.

Although you maintain 100% service credit, your pensionable salary and actual contributions paid will be reduced.

It's important to note that if this reduction occurs in your best five years' of salary, it will reduce your pension benefit.

Under current plan terms, you cannot top up your pensionable salary for the new short-term sick leaves. A plan amendment by the plan sponsors, the Ontario Teachers' Federation and Ontario government, is required to allow members to make up for the reduction in their pensionable earnings. We will notify members if a change of this nature is made.

IT'S PSOB SEASON!

It's that time of year when you receive your Personal Statement of Benefits (PSOB). Take a moment to review your account, ensure all of your service is accounted for, and your personal details are up-to-date.

Return undeliverable Canadian addresses to:

Ontario Teachers' Pension Plan
5650 Yonge Street
Toronto, Ontario
M2M 4H5

PM# 40062973